

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WARREN COUNTY)	
WATER DISTRICT TO ISSUE SECURITIES IN THE)	
APPROXIMATE PRINCIPAL AMOUNT OF)	
\$2,125,000 FOR THE PURPOSE OF ADVANCE)	
REFUNDING CERTAIN OUTSTANDING REVENUE)	CASE NO.
BONDS OF THE DISTRICT PURSUANT TO THE)	2004-00021
PROVISIONS OF KRS 278.300 AND 807 KAR)	
5:001)	

ORDER

On January 20, 2004, Warren County Water District (“Warren District”) applied to the Commission for approval to issue bonds in the principal amount of \$2,125,000, subject to an adjustment of up to 8 percent. Warren District estimates that its Water Refunding Revenue Bonds, Series 2004A (“2004A Refunding Bonds”) will have a 21-year term with interest rates varying from 1.15 to 4.00 percent per annum.

Administrative Regulation 807 KAR 5:001, Section 6, requires that, “[w]hensoever in these rules it is provided that a financial exhibit shall be annexed to the application, the said exhibit shall cover operations for a twelve (12) month period, said period ending not more than ninety (90) days prior to the date the application is filed.” Warren District partially complied with the requirements of this regulation by submitting financial statements (i.e., Statement of Income, Balance Sheet and Statement of Cash Flows) for the 12-month period ending on November 30, 2003. For the remainder of the financial information Warren District submitted a motion requesting a deviation from the 90-day requirement of that administrative regulation.

In support of its motion, Warren District states that the only material change in its financial condition or operation since December 31, 2002, is the issuance of two Kentucky Rural Water Corporation loans, in the aggregate amount of \$2,589,867, that were used to finance water improvement projects. Because of the volatility of the bond market, Warren District claims that it cannot run the risk of delaying the bond closing while more current financial information is compiled. Having considered Warren District's motion, the Commission has determined that good cause for granting the deviation has been presented, and that there is sufficient financial information in the record for it to render a decision regarding the proposed 2004A Refunding Bonds.

The bond proceeds will be used to refinance the Water Refunding Revenue Bonds, Series 1995B bearing interest rates varying from 5.25 to 6.00 percent per annum and an outstanding principal balance of \$1,880,000. Warren District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$193,734 and \$112,260, respectively.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Warren District's proposal to issue the 2004A Refunding Bonds, as described herein, for the purpose of refinancing is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Warren District's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.

2. Warren District is authorized to issue the 2004A Refunding Bonds for the purpose of refinancing, but only under such terms and conditions that will produce both positive gross savings and net present value savings from the refinancing.

3. If the actual terms and conditions of the 2004A Refunding Bonds differ from those set forth in the Application, Warren District shall, within 30 days of issuing the bonds authorized in this proceeding, file with the Commission amortization schedules and workpapers showing the actual gross savings and net present value savings that result from the refinancing.

4. Warren District shall, within 30 days of issuing the bonds authorized herein, file with the Commission a statement in this proceeding setting forth the date the bonds were issued, the actual interest rates, and the principal amount.

5. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency as to the securities authorized herein.

Done at Frankfort, Kentucky, this 30th day of January, 2004.

By the Commission

ATTEST:


Executive Director